

Message Text

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ACTION IO-14

INFO OCT-01 EB-08 ISO-00 L-03 FRB-03 OMB-01 ITC-01
SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00
INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04
TRSE-00 CEA-01 SS-15 AF-10 ARA-10 EA-10 EUR-12
NEA-10 /130 W
-----003812 072255Z /70

R 072115Z SEP 77
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC 6403
INFO AMEMBASSY KINSHASA
AMEMBASSY LIMA
AMEMBASSY MEXICO
AMEMBASSY LUSAKA
AMEMBASSY JAKARTA
AMEMBASSY LONDON
USMISSION GENEVA
AMEMBASSY OTTAWA
AMEMBASSY BONN
AMEMBASSY TOKYO
AMEMBASSY CANBERRA
AMEMBASSY PARIS
AMCONSUL LUBUMBASHI
AMEMBASSY LA PAZ

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LA PAZ FOR RRA

E.O. 11652: N/A
TAGS: UNCTAD, EMIN, IEGC, CI
SUBJECT: UNCTAD: COPPER - GOC VIEWS

REF: STATE 191312

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SUMMARY: THIS MESSAGE IDENTIFIED SPECIFIC AGENCIES AND INDIVIDUALS INVOLVED IN INFLUENCING GOC POSITION ON THE COMMOND FUND; SPECULATES ON THE LIKELY COMPOSITION OF THE GOC NEGOTIATING TEAM AND THE NATURE OF THEIR INSTRUCTIONS; AND OFFERS A RECOMMENDATION ON THE PROPOSED VISIT TO SANTIAGO OF AN AMERICAN EXPERT.
END SUMMARY.

1. SO FAR AS WE CAN DETERMINE GOC IS NOT AND HAS NOT BEEN ACTIVELY PARTICIPATING IN G-77 INTERNAL DELIBERATIONS EXCEPT INSOFAR AS THEIR GENEVA REPRESENTATIVE FINDS IT INFORMALLY CONVENIENT. CHILE IS NOT A MEMBER OF THE "GROUP OF 33" SUBGROUP.

2. DECISION-MAKERS IN SANTIAGO. WITH REGARD TO THE COMMON FUND, THE ESSENTIAL DECISION MAKING PROCESS IN SANTIAGO WILL INVOLVE THE MINISTRIES OF MINES AND FINANCE, THE COPPER COMMISSION (COMISION DE COBRE), CODELCO (STATE-OWNED MINE OPERATIONS, CORPORACION DEL COBRE DE CHILE) AND HALF A DOZEN PRIVATE EXPERTS AND INSTITUTIONS. THE RELATIVE WEIGHTED INFLUENCE OF THESE INSTITUTIONAL FACTORS IS IMPOSSIBLE TO GUAGE PRECISELY.

A) MINES AND FINANCE. THERE IS NO DOUBT THAT THE KEY ENTITY IS THE MINISTRY OF MINES AND THAT ITS MINISTER, ENRIQUE VALENZEULA, WILL BE THE MOST INFLUENTIAL SINGLE INDIVIDUAL. BECAUSE, HOWEVER, ALL ISSUES RELATED TO BOP CONSIDERATIONS FALL WITHIN THE JURISDICTION OF THE MINISTRY OF FINANCE AND THE CENTRAL BANK, FINANCE MINISTER SERGIO DE CASTRO, AS HEAD OF THE ECONOMIC TEAM, WILL TAKE AN INTEREST IN THE SUBJECT. SHOULD THE COMMON FUND ISSUE IMPINGE ON DOMESTIC ECONOMIC CONSIDERATIONS, DE CASTRO WOULD BE A POWERFUL AND INFLUENTIAL FIGURE TO BE RECKONED WITH.

B) MINISTRY OF FOREIGN RELATIONS. THIS RELATIVELY INEFFECTIVE MINISTRY WILL CERTAINLY REVIEW THE CHILEAN POSITON ON THE COMMON FUND WITH AN EYE TO THE FOREIGN AFFAIRS IMPLICATIONS, BUT THEIR LIMITED OFFICIAL USE

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SENSE OF PURPOSE WILL ESSENTIALLY BE TANGENTIAL AND FACILITATIVE. MANUEL CASANUEVA, DIRECTOR OF THE ECONOMIC OFFICE OF THE MINISTRY OF FOREIGN RELATIONS, HAS CONFIRMED THIS ASSESSMENT TO THE MINERALS OFFICER, CASANUEVA SEES NO SUBSTANTIVE ROLE FOR THE FOREIGN MINISTRY IN THIS ISSUE. HE STATED THAT, BARING UNFORESEEN FOREIGN POLICY DEVELOPMENTS, THE FOREIGN MINISTRY WOULD ACT AS NOTHING MORE THAN A CONDUIT FOR INSTRUCTINS AND HOME-BASED ANALYSIS TO GOC NEGOTIATIONS IN GENEVA. CASANUEVA ALSO CONFIRMED OUR CONCLUSIONS THAT VALENZUELA AND DE CASTRO, ASSISTED BY THEIR TECHNICAL AND ECONOMIC STAFFS, WOULD BE THE PRINCIPALS IN THE DECISION MAKING PROCESS.

C) COPPER COMMISSION. KNOWN TO WASHINGTON AGENCIES CHIEFLY THROUGH ITS RECENTLY-RESIGNED DIRECTOR, PABLO GONDONNEAU, THE COMMISSION WILL CONTINUE TO PLAY AN IMPORTANT PART. IT IS NOMINALLY INDEPENDENT, BUT CLEARLY SUBORDINATED TO MINISTER VALENZUELA. ITS HIGHLY COMPETENT PROFESSIONAL STAFF IS LARGELY CONCERNED WITH THE ECONOMICS OF PRODUCTION AND PRICES, RATHER THAN MINING ENGINEERING. MORE THAN JUST THE NUMBERS, IT PROVIDES POLICY RECOMMENDATINS AS WELL. A SEARCH FOR GONDONNEAU'S SUCCESSOR IS UNDERWAY. IN THE INTERIM, COMMERCIAL DIRECTOR MANUEL LABRA, SERVING AS ACTING HEAD, WILL BRING HIS RECOGNIZED PRO-

FESSIONAL SKILLS TO BEAR ON GOC DELIBERATIONS.

D) CODELCO IS EXCLUSIVELY CONCERNED WITH MINERAL EXTRACTION OPERATIONS, AND THEREFORE WOULD NOT ORDINARILY BE INVOLVED IN BASICALLY INTERNATIONAL ISSUES SUCH AS THE COMMON FUND. NEVER-

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THELESS, IF CODELCO PERCEIVED ITS INTERESTS TO BE SUBSTANTIALLY AFFECTED, IT WOULD MAKE ITS VIEWS KNOWN WITH EFFECT AT HIGH LEVELS THROUGH ITS PRESIDENT, GENERAL ORLANDO URBINA. CODELCO'S CAPABLE VICE PRESIDENTS, JORGE VIAL (FINANCE) AND DANILO ROJIC (CORPORATE MANAGEMENT) WOULD BE INSTRUMENTAL IN THE DEVELOPMENT OF CODELCO POLICY POSITIONS. ALTHOUGH FOR THE TIME BEING,

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CODELCO HAS DEMONSTRATED ONLY MINIMAL INTEREST IN THE COMMON FUND, SUPPLY MANAGEMENT SCHEMES ARE ANOTHER MATTER. CODELCO'S INTEREST IN THIS REGARD COULD BE EASILY AROUSED, SHOULD SERIOUS PROPOSALS BEGIN TO GEL. FURTHERMORE, NATIONAL STOCKPILES AS AN ALTERNATIVE TO A CENTRALLY ADMINISTERED BUFFER STOCK WOULD ALSO AFFECT CODELCO IN THAT IT COULD BE CHARGED WITH THE STOCKPILE'S PHYSICAL MAINTENANCE.

E) AMBASSADOR TRUCCO. THE GOC'S PERMANENT REPRESENTATIVE TO GENEVA (EMBAJADOR DE CHILE ANTE ORGANISMOS INTERNACIONALES DE GINEBRA), TRUCCO (AIDED BY HIS ABLE FIRST SECRETARY DURCIN, BELOW) IS, ACCORDING TO GONDONNEAU, THE MOST KNOWLEDGEABLE OFFICIAL AS TO THE SPECIFICS OF THE COMMON FUND NEGOTIATING PROCESS AND STRATEGIES. HAVING BEEN THROUGH IT BEFORE, AND BEING ON THE SPOT, HE WILL SURELY BE AFFORDED AMPLE OPPORTUNITY TO PARTICIPATE FULLY IN GOC DECISION MAKING.

F) PRIVATE SECTOR. IN ADDITION TO GONDONNEAU, WHO IS NOW A PRIVATE CONSULTANT, CERTAIN OTHER PERSONS ARE POTENTIALLY INFLUENTIAL, INDIVIDUAL CONTRIBUTORS. FOR EXAMPLE, GREGORIO WAISSBLUTH, A FORMER CODELCO VICE PRESIDENT AND TODAY A SENIOR, HIGHLY RESPECTED, PRIVATE CONSULTANT COULD HAVE AN INFORMAL INPUT. LIKEWISE, REPRESENTATIVES OF THE PRIVATE MINING SECTOR SUCH AS HERNAN GUILOFF, GENERAL MANAGER OF THE LARGEST PRIVATE PRODUCER -- SALI HICHCHILD/WHICH OWNS THE MANTOS BLANCOS MINE. SIGNIFICANT PRIVATE BROKERS SUCH AS PATRICIO JARPA WOULD HAVE A STRONG INTEREST AND THEREFORE MIGHT WISH TO MAKE INFORMAL REPRESENTATIONS ON THE ISSUE. ACCADEMICS, PRINCIPALLY ALEXANDER SUTULOV, EXECUTIVE DIRECTOR OF THE CENTER FOR MINERAL AND METALURGICAL RESEARCH, WOULD BE ANOTHER POINT OF POSSIBLE INFLUENCE. FINALLY, THE PROFESSIONAL-TRADE ASSOCIATION, THE NATIONAL MINERAL SOCIETY, WHICH MAINLY REPRESENTS SMALL OPERATORS, WILL BE KEENLY INTERESTED IN ANY FORM OF SUPPLY CONTROLS.

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3. GOC DELEGATION. RECENT CONVERSATIONS WITH VALENZUELA TOLD US THAT GOC DELEGATION TO NOVEMBER NEGOTIATING CONFERENCE, AS CURRENTLY CONCEIVED, WILL BE SMALL AND THAT DELEGATES HAVE YET TO BE CHOSEN. AMBASSADOR TRUCCO WOULD PROBABLY HEAD THE DELEGATION, ASSISTED BY FIRST SECRETARY LEOPOLDO DURCIN AND BY MS. NORA CABERO, WHO WAS UNTIL RECENTLY A TECHNICAL STAFFER WITH THE COPPER COMMISSION. CABERO IS CURRENTLY AN ECONOMIC OFFICER IN THE GOC PARIS EMBASSY WITH SPECIFIC RESPONSIBILITIES FOR MINERALS AND

ESPECIALLY FOR COPPER. ADDITIONALLY, IF THERE IS A NEW COPPER COMMISSION HEAD BY NOVEMBER, HE/SHE WOULD BE A DELEGATION MEMBER; IF NOT, IT SEEMS LIKELY THAT ACTING DIRECTOR LABRA WOULD ATTEND. INSTRUCTIONS TO DELEGATION, ACCORDING TO VALENZUELA, WILL BE GENERAL, THUS AFFORDING THE DELEGATION CONSIDERABLE LATITUDE IN NEGOTIATIONS. GOC POLICY TRENDS ARE DISCUSSED IN SEPTTEL.

4. AN AMERICAN EXPERT? (REFTEL, PARA 3C) THE TIME APPEARS TO BE PROPITIOUS, AND SUCH A VISIT MIGHT MAKE A DIFFERENCE AS GOC POLICY EVOLVES (SEPTTEL). EMBASSY WELCOMES THIS OPPORTUNITY. A USEFUL PROGRAM, WITH LOW KEY, SEMINAR DISCUSSION (S), BRINGING AMERICAN EXPERTISE TOGETHER WITH PERSONS OF IDENTIFIABLE INFLUENCE, COULD BE PUT TOGETHER EVEN ON SHORT NOTICE. MORE FORMAL TALKS AT THE MINISTERIAL AND SUBMINISTERIAL LEVELS WOULD ALSO BE POSSIBLE AND USEFUL. FURTHER, IF POSSIBLE, WE RECOMMEND THAT HE/SHE HOLD DISCUSSIONS WITH MS. CABERO IN PARIS AS WELL AS ON AMBASSADOR TRUCCO AND HIS COLLEAGUES IN GENEVA. WHILE NOT INDISPENSABLE, SPANISH LANGUAGE ABILITY WOULD BE HIGHLY DESIRABLE. IN SUM, THIS KIND OF EDUCATIONAL PACKAGE WOULD HAVE A REASONABLE CHANCE OF RESULTING IN A MORE SPECIFIC SET OF INSTRUCTIONS TO THE GOC DELEGATION, MORE SUPPORTIVE OF THE U.S. POSITION AND INITIATIVES.

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